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Issue No.65, Dated 5th August, 2026

Dear Readers,

We welcome you to the **Sixty-fifth** edition of **DevMantra Times** for the month of **August 2026.** In this edition, we bring you a curated overview of the latest **legal, regulatory, economic, and business developments** shaping India's evolving corporate and financial landscape.

This edition highlights significant developments across India's financial and economic ecosystem. The retail lending industry is projected to enter a multi-decade growth cycle, driven by digital transformation, financial inclusion, and technology-led innovation. The Reserve Bank of India has also reported a strong rebound in the performance of listed private non-financial companies, led by the manufacturing sector, while introducing regulatory measures to strengthen infrastructure financing.

The Government continues to reinforce support for the MSME sector through enhanced credit guarantees and measures aimed at monitoring delayed payments, thereby improving liquidity and strengthening the business environment. At the same time, India continues to attract substantial foreign capital, reflecting growing investor confidence in the country's long-term economic prospects.

The startup and innovation ecosystem also remains vibrant, with increasing activity in artificial intelligence, deep-tech, space technology, and other emerging sectors. Developments in the IPO and international capital markets further demonstrate the continuing momentum across India's entrepreneurial and investment landscape.

This edition also captures important judicial pronouncements and regulatory developments under the Goods and Services Tax, Income-tax, Corporate Laws, and allied legislations, together with key notifications, circulars, and compliance updates that may have a significant impact on businesses, professionals, and taxpayers.

Industry & Economic Updates

Gush of Gulf sovereign wealth enters India in 2026

EDITORIAL NOTE: Gulf sovereign wealth funds (SWFs) invested USD 1.7 billion in India during the first half of 2026, marking the highest first-half investment since 2024 despite heightened geopolitical tensions stemming from the Iran conflict. The Gulf region's share of total investments by sovereign wealth funds (SWFs) and public pension funds (PPFs) in India nearly doubled compared to 2024, highlighting the region's growing confidence in India's economic prospects and reinforcing its role as a key source of long-term strategic capital.

GST collections stay on track, rise 15% in July

EDITORIAL NOTE: India's gross GST collections increased by 15.4% year-on-year to ₹2.11 lakh crore in July 2026, indicating sustained economic resilience and robust tax compliance. The growth was primarily driven by a 28.8% surge in GST collections on imports, while domestic GST collections also recorded a healthy 10.1% increase, supported by strong household consumption, industrial activity, and continued formalization of the economy. Net GST collections rose 15.8% to ₹1.81 lakh crore despite higher refunds, although experts noted that the sharp rise in import-related GST may also reflect factors such as increased imports, rupee depreciation, and higher global energy and freight costs.

Govt approves RBI's trials of ₹10, ₹20 polymer notes; no plan to replace paper currency

EDITORIAL NOTE: The Central Government has approved the Reserve Bank of India's (RBI) proposal to conduct field trials of ₹10 and ₹20 polymer banknotes. As part of the pilot, the RBI plans to introduce one billion polymer notes each in both denominations to evaluate their durability, security features, and circulation performance before considering regular issuance. The Government has clarified that this initiative is only for trial purposes and there is currently no proposal to replace the existing paper currency with polymer banknotes.

ITC fraud worth Rs 74,782 crore detected in FY26; Maharashtra, Gujarat lead

EDITORIAL NOTE: Central GST officers detected 30,162 cases of fraudulent Input Tax Credit (ITC) involving ₹74,782 crore during FY 2025-26, highlighting the government's intensified efforts to curb GST evasion. Maharashtra and Gujarat reported the highest number of cases, with Maharashtra recording 9,629 cases involving ₹18,320 crore and Gujarat reporting 12,511 cases involving ₹12,633 crore. A total of 358 individuals were arrested during the year. The frauds were identified across multiple sectors, including iron & steel, textiles, plastics, paper products, plywood, cement, copper, as well as service industries such as works contracts, manpower supply, and real estate.

Foreign capital inflows hit $32 billion as FCNR(B) deposits break 2013 record

EDITORIAL NOTE: India's measures to attract foreign capital have resulted in inflows of approximately USD 32 billion, according to RBI Governor Sanjay Malhotra. The majority of these inflows have come through Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits, which have exceeded the USD 26 billion mobilised during 2013 in just about 45 days, marking one of the fastest foreign currency deposit drives in the country's history. Additionally, government securities have attracted over USD 7 billion in foreign inflows since the policy measures announced on 5 June, reflecting strong investor confidence and robust overseas capital participation.

Crypto exchanges to collect tax residency, ID details of users under new CBDT framework

The Central Board of Direct Taxes (CBDT) has introduced a comprehensive compliance framework requiring crypto exchanges and other digital asset service providers to collect users' tax residency and taxpayer identification details and report their crypto transactions annually to the Income Tax Department. The framework aligns India with the OECD's Crypto-Asset Reporting Framework (CARF), aimed at enhancing transparency and enabling the automatic exchange of information on cross-border crypto transactions among participating jurisdictions. Effective from the next financial year, the new reporting requirements are expected to strengthen tax compliance, improve monitoring of digital asset transactions, and curb tax evasion in the cryptocurrency ecosystem.

Finance minister Nirmala Sitharaman asks I-T officials to ease burden on honest taxpayers

On the occasion of the 167th Income Tax Day, Finance Minister Nirmala Sitharaman urged Income Tax officials to reduce the compliance burden on honest taxpayers while taking stringent action against deliberate tax evasion. Emphasizing a taxpayer-centric approach, she outlined key priorities for responsive tax administration, including fairness, efficiency, ease of doing business, and improved taxpayer services. The Minister also highlighted the Income Tax Department's evolving role in supporting India's economic growth through transparent and technology-driven governance.

Karnataka attracts $13 billion in FDI as tech, GCC investments surge

Karnataka attracted USD 13 billion in foreign direct investment (FDI) equity inflows during FY 2025-26, driven by robust investments in technology, data centres, and Global Capability Centres (GCCs). While Maharashtra remained the largest recipient of FDI despite a decline in inflows, Karnataka's strong performance underscored its growing prominence as a technology and innovation hub. Overall, India received USD 58 billion in FDI equity inflows during the year, with the computer software and hardware sector attracting USD 13.9 billion, followed by the services sector at USD 10 billion. Significant investments were also recorded in food processing, automobiles, pharmaceuticals, and education, reflecting sustained investor confidence across diverse sectors.

PM Modi invites Australian businesses to invest in India, seeks early conclusion of CECA

Prime Minister Narendra Modi invited Australian businesses to strengthen their investment presence in India and called for the early conclusion of the proposed Comprehensive Economic Cooperation Agreement (CECA) during the Australia-India CEOs Forum in Melbourne. Addressing business leaders alongside Australian Prime Minister Anthony Albanese, he highlighted the growing momentum in bilateral economic relations since 2023 and reaffirmed India's commitment to deepening trade, investment, and strategic economic cooperation between the two countries.

JPMorgan says 100+ MNCs are exploring GIFT City operations

India's GIFT City continues to attract significant global interest, with JPMorgan Chase & Co. reporting that more than 100 multinational companies have approached the bank to explore banking and payment solutions for establishing corporate treasury operations over the next 12 to 18 months. The availability of foreign currency accounts alongside rupee banking capabilities has enhanced GIFT City's appeal as an international financial hub, with companies from sectors such as insurance and fintech increasingly evaluating it as a strategic base for regional treasury functions.

Startup Updates

Ex Swiggy, Zomato execs launch AI startup Profound, raise $1.5 million from Stellaris, 3one4

EDITORIAL NOTE: Former senior executives of Swiggy and Zomato have launched Profound, an AI platform that enables professionals and organizations to create personalized AI representatives for hiring, mentoring, and networking. The startup has secured USD 1.5 million in seed funding from Stellaris Venture Partners and 3one4 Capital, along with prominent angel investors. The funds will be used to strengthen Profound's engineering and product capabilities, enhance its AI platform, and support the launch of its public beta later this year, reflecting growing investor confidence in voice-first, AI-powered enterprise solutions.

Bengaluru hoteliers seek meeting with Swiggy CEO, repeat Aug 15 boycott threat

EDITORIAL NOTE: The Bangalore Hotels Association (BHA) has sought an urgent meeting with Sriharsha Majety, raising concerns over unauthorized promotional offers, advertising charges, payout mechanisms, and accounting practices. The association has reiterated

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its proposal to boycott Swiggy from 15 August if these issues remain unresolved. The development reflects the ongoing dispute between restaurant associations and food delivery platforms regarding commission structures, discounting policies, and platform fees, with member restaurants alleging that these practices are adversely affecting their profitability.

Go Digit net profit dips 38% in Q1, premium falls 8.4%

EDITORIAL NOTE: Go Digit General Insurance reported a 38% year-on-year decline in net profit to ₹86.4 crore for the April-June quarter, while its gross written premium fell 8.4% to ₹2,731 crore. The company attributed the decline to higher claim costs, increased loss ratios, and the impact of Indian Accounting Standards (Ind AS). Despite softer quarterly performance, the management stated that it has prioritised maintaining underwriting quality and long-term profitability over premium growth amid challenging market conditions and continued pressure on motor insurance pricing.

Number of space startups rose from one in 2014 to over 400 in 2026: Government to Rajya Sabha

EDITORIAL NOTE: India's space sector has witnessed remarkable growth since opening up to private participation, with the number of space startups increasing from one in 2014 to over 400 in 2026. According to the Government, cumulative private investment has surpassed USD 600 million, including USD 187 million invested so far in 2026. The sector has also demonstrated significant technological progress, with private companies launching satellites and sub-orbital vehicles, while attracting investments from global institutional investors. This growth underscores India's emergence as a rapidly expanding global hub for private space innovation and commercial space activities.

Delhi HC restrains Unity SFB share capital move in BharatPe dispute

The Delhi High Court has restrained Unity Small Finance Bank from proceeding with a proposal to increase its authorised share capital, pending arbitration over an alleged breach of a shareholders' agreement with BharatPe. The dispute relates to a proposed increase in authorized share capital from ₹4,000 crore to ₹4,900 crore, which BharatPe contends could significantly dilute its shareholding without its prior consent. The interim order preserves the status quo until the arbitration proceedings determine the rights and obligations of the parties under the shareholders' agreement.

Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery. These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent endeavor with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

Regards & Best Wishes,

Editorial Team

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GST

JUDICIAL UPDATES

Disallowance of input tax credit for delayed returns unsustainable as returns filed before statutory cut-off: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court held that the disallowance of Input Tax Credit (ITC) solely on the ground of delayed filing is unsustainable where the taxpayer had furnished the relevant GST returns on or before the statutory cut-off date of 30 November 2021. The Court observed that the taxpayer's entitlement to ITC remains protected, subject to compliance with all other eligibility conditions prescribed under the GST law.

GSTN issues FAQs on mandatory Ship-to GSTIN capture and voluntary e-Way Bill closure: Advisory

EDITORIAL NOTE: The GST Network (GSTN) has released a comprehensive set of FAQs clarifying the mandatory capture of the Ship-to GSTIN in applicable Bill-to/Ship-to transactions and the facility for voluntary closure of e-Way Bills. The guidance outlines system validations, API changes, procedural requirements, business scenarios, and key compliance aspects to assist taxpayers and stakeholders in preparing for the implementation of these changes, effective 1 August 2026.

Demand for tax, interest, penalty on IGST paid by mistake quashed as conjoint reading of CGST Act and Rules not applied: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court quashed the demand for tax, interest, and penalty where a registered person had mistakenly paid IGST on a transaction that was subsequently held to be an intra-State supply, requiring payment of CGST and KGST. The Court observed that the tax authorities failed to apply the relevant provisions of the CGST Act and Rules relating to adjustment and refund of taxes paid under the wrong head. The matter has been remanded for fresh adjudication in accordance with the statutory provisions and applicable refund mechanism.

Notice pays recoveries for shortfall in notice period not taxable supply under GST as per CBIC Circular 178: AAR

EDITORIAL NOTE: The Authority for Advance Ruling (AAR) has held that where an employer provides a canteen facility through a third-party vendor and recovers a subsidised portion of the cost from employees through salary deductions, only the amount recovered from employees is liable to GST. The portion of the cost borne by the employer qualifies as an employee perquisite and is not subject to GST in line with the relevant CBIC Circular. The ruling provides clarity on the valuation and GST implications of employer-sponsored canteen facilities.

Immovable property to be given on rent can't be treated as plant or machinery; ITC on its construction blocked u/sec. 17(5)(d): HC

EDITORIAL NOTE: In a significant GST ruling, the High Court held that an immovable property constructed for the purpose of renting cannot be treated as "plant or machinery" under the GST law. Accordingly, Input Tax Credit (ITC) on works contract services and construction expenses incurred for such property is blocked under Section 17(5)(d) of the CGST Act. The Court upheld the denial of ITC, reaffirming that buildings constructed for rental purposes do not qualify for the exception available to plant and machinery.

Original refund application illegally rejected & new application was filed; interest for delay calculated from original application date: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court held that where a taxpayer's original refund application was wrongly rejected and a fresh application was filed pursuant to a court direction, interest under Section 56 of the CGST Act must be computed from the date of the original refund application. The Court observed that an illegal rejection by the tax authorities cannot deprive the taxpayer of statutory interest, and accordingly directed that interest be granted from the date of the initial filing rather than the subsequent re-filed application.

ITC denial on non-reflection in GSTR-2A due to portal glitch was unjustified if statutory conditions met: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court held that Input Tax Credit (ITC) cannot be denied merely because the relevant invoices were not reflected in GSTR-2A due to technical glitches in the GST portal. The Court observed that where the taxpayer has satisfied all statutory conditions for availing ITC, the benefit cannot be denied solely on account of system-related issues. Relying on CBIC Circular No. 183/15/2022-GST, the Court further held that no interest or penalty is leviable in such cases.

GST under RCM is payable on PWD permission, road-cutting, reinstatement charges and ground rent paid by CGD operator: AAR

EDITORIAL NOTE: The Authority for Advance Ruling (AAR) has held that a City Gas Distribution (CGD) operator is liable to pay GST under the Reverse Charge Mechanism (RCM) on permission charges, road-cutting charges, reinstatement charges, and ground rent paid to the Public Works Department (PWD). The ruling clarified that since the PWD, being a State Government department, was not registered under GST, the liability to discharge GST rests with the registered recipient in accordance with Entry 5 of Notification No. 13/2017-Central Tax (Rate).

GSTAT introduces token mechanism to preserve appeal filing deadline up to 31st July 2026

EDITORIAL NOTE: The Goods and Services Tax Appellate Tribunal (GSTAT) has introduced a token generation mechanism enabling appellants to preserve the statutory appeal filing deadline by generating a token on or before 31 July 2026. The token will be treated as valid compliance with the prescribed filing timeline, provided the complete appeal is submitted within 60 days from the date of token generation. This measure is intended to facilitate timely compliance while allowing additional time for completion of the appeal filing process.

GST registration cancellation set aside as defective SCN lacked material particulars and reply was ignored: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court held that the cancellation of GST registration was invalid where the Show Cause Notice (SCN) failed to specify the material particulars and the taxpayer's reply was not duly considered by the authorities. The Court observed that such action violated the requirements of Rule 22 of the CGST Rules, which mandates clear grounds and a meaningful opportunity to respond. Accordingly, the Court quashed both the SCN and the cancellation order, while granting liberty to the authorities to initiate fresh proceedings in accordance with law.

Time-barred ITC claims under retro amendments might be rectified under special procedure per Circular 237/31/2024-GST: HC

EDITORIAL NOTE: In a significant GST ruling, the High Court observed that taxpayers whose Input Tax Credit (ITC) claims were denied as time-barred may seek relief under the special rectification procedure prescribed in CBIC Circular No. 237/31/2024-GST, where they are eligible for the benefit of retrospective legislative amendments. The Court held that the appropriate course of action is to file a rectification application before the competent authority in accordance with paragraph 3.5 of the Circular, rather than pursue other remedies.

CBIC clarifies procedure for departmental appeals before GSTAT in DGGI cases decided by Common Adjudicating Authority: Circular

The Central Board of Indirect Taxes and Customs (CBIC) has issued a circular prescribing the procedure for filing departmental appeals before the Goods and Services Tax Appellate Tribunal (GSTAT) in cases investigated by the Directorate General of GST Intelligence (DGGI) and adjudicated by a Common Adjudicating Authority (CAA). The circular provides clarity on the reviewing authority, appeal filing process, communication mechanism, and the jurisdiction of the appropriate GSTAT Bench, ensuring uniformity and procedural consistency in handling such appeals.

INCOME TAX

REGULATORY UPDATES

Unregistered sale agreement without possession transfer won't trigger capital gains taxation: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that an unregistered agreement to sell, where possession of the property is not transferred, does not constitute a "transfer" under Section 2(47)(v) of the Income-tax Act read with Section 53A of the Transfer of Property Act. Accordingly, capital gains are taxable only in the year in which the registered sale deed is executed and legal ownership is transferred, and not in the year of execution of the unregistered agreement.

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Sale proceeds from unlisted equity investments not taxable as unexplained cash credits as origin and transactions duly explained: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that sale proceeds from unlisted equity investments cannot be treated as unexplained cash credits under Section 68 where the taxpayer has satisfactorily established the source of investment and the genuineness of the transactions. The Tribunal observed that the investments were made through banking channels, the purchasers duly responded to notices, and the original investments had not been questioned in earlier years. Consequently, the additions made under Sections 68 and 69C towards alleged unexplained income and commission expenditure were deleted.

Exemption u/s 10(37) allowed on compulsory acquisition as land consistently classified agricultural: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that compensation received on the compulsory acquisition of agricultural land is eligible for exemption under Section 10(37) of the Income-tax Act where the land is consistently recorded as agricultural in the revenue records. The Tribunal observed that the mere absence of agricultural income in the taxpayer's income tax returns cannot be a ground to deny the exemption, particularly when the Revenue fails to establish that the land had been converted to or used for non-agricultural purposes.

Rental income taxable as house property, not business income; sec. 24(a) deduction allowable: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that rental income from letting out fully furnished office premises is taxable under the head 'Income from House Property' and not as business income, where the primary objective is to earn rental income without carrying on any systematic business activity. The Tribunal further held that the taxpayer is entitled to the standard deduction under Section 24(a) of the Income-tax Act, and clarified that the collection of GST on rent does not alter the nature or taxability of such income.

Section 54 relief allowed as plot purchase and pre-construction expenses qualified despite incomplete construction: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that exemption under Section 54 cannot be denied where the taxpayer has invested the capital gains in the purchase of land and incurred construction-related expenses for a new residential house, even if the construction is not completed within the prescribed three-year period. The Tribunal observed that commencement of construction within the stipulated time is sufficient, and delays in completion due to factors such as pending municipal approvals do not disentitle the taxpayer from claiming the exemption.

Sales tax incentive held capital receipt not taxable and excluded from book profit u/s 115JB: ITAT

EDITORIAL NOTE: In a significant income tax ruling, the Income Tax Appellate Tribunal (ITAT) held that sales tax incentive/subsidy received by a taxpayer constitutes a capital receipt and is therefore not chargeable to income tax. The Tribunal further ruled that such capital receipt is also required to be excluded from the computation of book profit under Section 115JB of the Income-tax Act, reaffirming that capital incentives not forming part of taxable income should not be included for Minimum Alternate Tax (MAT) purposes.

CBDT issues FAQs on safe harbour rules for sale of rough diamonds in Special Notified Zones

EDITORIAL NOTE: The Central Board of Direct Taxes (CBDT) has issued a set of Frequently Asked Questions (FAQs) clarifying the safe harbour regime applicable to foreign mining companies engaged in the sale of rough diamonds in Special Notified Zones (SNZs). The FAQs provide guidance on the scope of eligible raw diamonds, applicable tax rates, availability of Double Taxation Avoidance Agreement (DTAA) benefits, tax deduction at source (TDS) implications, eligibility conditions, and the applicability of the safe harbour provisions for FY 2024–25, thereby enhancing certainty and facilitating tax compliance for eligible taxpayers.

CBDT clarifies transition issues under the Income-tax Act, 2025 through FAQs

EDITORIAL NOTE: The Central Board of Direct Taxes (CBDT) has released 23 Frequently Asked Questions (FAQs) to address key transition issues arising from the shift from the Income-tax Act, 1961 to the Income-tax Act, 2025. The FAQs provide guidance on the treatment of pending proceedings and applications, including summons, search and assessment proceedings, approvals under Sections 12AB and 80G, lower or nil deduction certificate (LDC/NDC) applications, recovery and prosecution matters, and other transitional provisions covered under Section 536 of the Income-tax Act, 2025, ensuring greater clarity for taxpayers and tax authorities.

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CBDT notifies NCCL's Core Settlement Guarantee Fund for tax exemption under the Income-tax Acts, 1961 and 2025

EDITORIAL NOTE: The Central Board of Direct Taxes (CBDT) has notified the Core Settlement Guarantee Fund established by National Commodity Clearing Limited for tax exemption under Section 10(23EE) of the Income-tax Act, 1961 for Assessment Years 2019-20 to 2026-27. The Fund will also be eligible for exemption under Section 11 read with Schedule III of the Income-tax Act, 2025 from Tax Year 2026-27 onwards, subject to compliance with the prescribed conditions. This notification provides tax certainty for the Fund and supports the stability of the commodity clearing and settlement ecosystem.

No tax demand or refund adjustment sustainable without proof of intimation service u/s 143(1): HC

EDITORIAL NOTE: In a significant income tax ruling, the High Court held that no tax demand or adjustment of refund can be sustained in the absence of proof that an intimation under Section 143(1) of the Income-tax Act was duly issued and served on the taxpayer. The Court observed that, without a validly communicated intimation, the tax demand lacks legal enforceability and any consequential adjustment of refunds or levy of interest is unsustainable in law.

CBDT authorised the DGIT (Systems) to upload information received under AEOI to the Annual Information Statement (AIS)

The Central Board of Direct Taxes (CBDT) has authorised the Director General of Income Tax (Systems) to upload information received under the Automatic Exchange of Information (AEOI) framework to taxpayers' Annual Information Statement (AIS). The information, received under tax treaties in accordance with the Income-tax Act, 1961 and the Income-tax Act, 2025, will be uploaded within 90 days from the date of the order for calendar years 2022 to 2024, and within 90 days from the end of the month of receipt for information relating to calendar year 2025 onwards. The move is aimed at enhancing transparency and enabling taxpayers to access foreign financial information reported under international tax information exchange agreements.

Adjustment of refunds beyond 20% of demand without prior sec. 245 intimation held unlawful; refund directed: HC

In a significant income tax ruling, the High Court held that the adjustment of a taxpayer's refunds beyond 20% of the disputed tax demand under Section 245 of the Income-tax Act, without issuing prior intimation during the pendency of an appeal, is unlawful. The Court observed that prior intimation is a mandatory statutory requirement before making such adjustments and directed the tax authorities to refund the amount adjusted in excess of the permissible limit.

CBDT allows sharing of taxpayers' information to identify beneficiaries under Maharashtra Farmer Loan Waiver Scheme

The CBDT has specified the Principal Secretary, Cooperation, Marketing and Textile Department, Government of Maharashtra, under section 258(1)(b) of the Income-tax Act, 2025 for sharing information relating to income-tax payers to identify eligible beneficiaries under the Punyashlok Ahilyadevi Holkar Farmer Loan Waiver Scheme, 2026.

CBDT exempts specified payments to 14 categories of IFSC units from TDS under Income-tax Act, 2025

The Central Board of Direct Taxes (CBDT) has notified nil tax deduction at source (TDS) on specified payments made to 14 categories of eligible units in the International Financial Services Centre (IFSC) claiming deduction under Section 147 of the Income-tax Act, 2025. The exemption covers specified receipts such as interest, dividends, professional fees, commissions, and other notified payments, and is available for 20 consecutive tax years chosen by the eligible payee, subject to furnishing Form No. 1(N) and satisfying the prescribed conditions. The notification is effective retrospectively from 1 April 2026.

HRA exemption u/s 10(13A) allowable where employer pays rent to landlord and recovers same from employee's salary: HC

In a significant income tax ruling, the High Court held that an employee is entitled to House Rent Allowance (HRA) exemption under Section 10(13A) even where the employer directly pays the rent to the landlord and subsequently recovers the same amount from the employee's salary. The Court observed that the mode of rent payment does not affect the employee's eligibility for HRA exemption, and the benefit cannot be denied merely because the rent was paid by the employer instead of directly by the employee.

CBDT notifies '384' as Cost Inflation Index for Financial Year 2026-27

The Central Board of Direct Taxes (CBDT) has notified the Cost Inflation Index (CII) as 384 for Financial Year 2026-27. The notified index will be used for the computation of indexed cost of acquisition and improvement while calculating long-term capital gains, wherever indexation benefits are applicable under the provisions of the Income-tax Act.

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Penalty under sec. 270A unsustainable as rectification showed no under-reporting of income:HC

In a significant income tax ruling, the High Court held that penalty under Section 270A for under-reporting of income cannot be sustained where, following a rectification under Section 154, the taxpayer's assessed income became nil after allowing the set-off of current and brought forward losses. The Court observed that, in the absence of any under-reported income after rectification, the initiation of penalty proceedings under Section 270A was legally unsustainable.

Govt. notifies protocol amending DTAA with Sri Lanka to curb treaty abuse

The Central Government has notified the Protocol amending the Double Taxation Avoidance Agreement (DTAA) between India and Sri Lanka, introducing the Principal Purpose Test (PPT) to prevent treaty abuse. Under the amended provisions, treaty benefits may be denied where obtaining such benefits is one of the principal purposes of an arrangement or transaction. The Protocol entered into force on 19 June 2026 and will apply in India to income derived in fiscal years commencing on or after 1 April 2027.

CBDT broadens definition of 'specified fund' under Rule 157

The Central Board of Direct Taxes (CBDT) has amended Rule 157 of the Income-tax Rules, 2026 to broaden the definition of 'specified fund'. The amended rule now includes Category I and Category II Alternative Investment Funds (AIFs) regulated by SEBI or the International Financial Services Centres Authority (IFSCA) and located in an International Financial Services Centre (IFSC), as well as funds referred to in Schedule VI of the Income-tax Act, 2025. The amendment is aimed at providing greater clarity and expanding the scope of eligible investment funds under the Income-tax framework.

CBDT issues Guidance Note on Crypto-Asset Reporting Obligations under Income-tax Act, 2025

The Central Board of Direct Taxes (CBDT) has issued a Guidance Note outlining the reporting obligations of Reporting Crypto-Asset Service Providers (RCASPs) under Section 509, Rules 241 to 244, and Form 167 of the Income-tax Act, 2025. The Guidance Note provides detailed instructions on due diligence, reporting procedures, and compliance requirements, along with comprehensive FAQs aligned with the OECD's Crypto-Asset Reporting Framework (CARF), to facilitate effective implementation of the new reporting regime for crypto-asset transactions.

Govt. introduces Taxation and Other Laws (Amendment) Bill, 2026 in Lok Sabha

The Government has introduced the Taxation and Other Laws (Amendment) Bill, 2026 in the Lok Sabha to replace the Income-tax (Amendment) Ordinance, 2026. The Bill proposes amendments to the Income-tax Act, 2025, the Finance Act, 2026, and the Payment and Settlement Systems Act, 2007 with the objective of promoting fund management activities, extending tax incentives, and providing exemptions to specified foreign entities. The proposed amendments aim to strengthen India's investment framework and provide greater clarity on tax provisions applicable to eligible taxpayers and institutions.

CORPORATE LAW UPDATES

SEBI proposes framework for issuance of Depository Receipts against units of REITs and publicly listed InvITs

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has issued a consultation paper proposing an enabling framework for the issuance of Depository Receipts (DRs) against units of Real Estate Investment Trusts (REITs) and publicly listed Infrastructure Investment Trusts (InvITs). The proposal includes amendments to the existing REIT and InvIT Regulations and the introduction of a dedicated operational framework through a regulatory circular. SEBI has invited comments from stakeholders on the proposed framework by 25 August 2026, with the initiative aimed at enhancing market accessibility and enabling broader investor participation in these investment vehicles.

SEBI extends timeline for IAs and RAs to enrol with Past Risk and Return Verification Agency till Sep 3, 2026

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has extended the deadline for Investment Advisers (IAs) and Research Analysts (RAs) to complete enrolment with the Past Risk and Return Verification Agency (PaRRVA) by one month. The revised deadline has been extended from 3 August 2026 to 3 September 2026 following representations received from industry participants and PaRRVA seeking additional time to complete the enrolment process. The extension aims to facilitate smoother implementation of the verification framework and ensure adequate time for regulated entities to comply with the requirement.

Shri Prasanta Mahapatra takes charge as the Executive Director of SEBI

EDITORIAL NOTE: Shri Prasanta Mahapatra has assumed charge as the Executive Director of the Securities and Exchange Board of India (SEBI) at its Mumbai office. In his new role, he will oversee the Corporation Finance Investigation Department and the Recovery and Refund Department of SEBI. Prior to this appointment, Shri Mahapatra served as Chief General Manager at SEBI and handled various key departments since joining the regulator in April 1999. He holds a Master's degree in Business Administration from Utkal University, Odisha.

Joint Committee on the Corporate Laws (Amendment) Bill, 2026' presents its final report in Lok Sabha

EDITORIAL NOTE: The Joint Committee on the Corporate Laws (Amendment) Bill, 2026 has submitted its final report in the Lok Sabha. The Bill proposes significant changes to the corporate regulatory framework, including further relaxations under the Corporate Social Responsibility (CSR) regime by providing exemptions from mandatory CSR requirements for certain small companies. It also proposes amendments relating to auditor appointment requirements for specified classes of small companies and introduces a framework enabling eligible trusts registered with SEBI or IFSCA and engaged in prescribed activities to convert into Limited Liability Partnerships (LLPs).

SEBI extends timeline for compliance with Digital Accessibility Circulars till October 31, 2026

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has extended the deadline for compliance with its Digital Accessibility Circulars issued under the Rights of Persons with Disabilities Act, 2016. The revised timeline has been extended up to 31 October 2026 following representations received from regulated entities. The extension applies to the completion of accessibility audits of digital platforms and implementation of remedial measures based on audit findings. All other requirements prescribed under the earlier circulars will continue to remain applicable.

IFSCA extends compliance deadline for internet banking requirements applicable to IBUs

EDITORIAL NOTE: The International Financial Services Centres Authority (IFSCA) has granted a one-time extension for compliance with the Internet Banking Services requirements applicable to International Banking Units (IBUs). The revised compliance deadline has been extended up to 30 September 2026 following representations received from IBUs. Effective from 1 October 2026, IBUs that fail to comply with the prescribed requirements will not be permitted to onboard new customers for the non-compliant liability products. All other provisions of the earlier circulars will continue to remain unchanged.

SEBI rolls out GARUDA Mechanism for processing of placement memorandum of AIFs filed with SEBI

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has introduced the 'Green Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) Mechanism' for processing placement memorandums of Alternative Investment Funds (AIFs) submitted to SEBI. Under this mechanism, AIFs may proceed with the launch of their new schemes after 10 working days from the date of filing the application with SEBI, unless otherwise advised by the regulator. For the first scheme of an AIF, the launch may commence from the date of grant of SEBI registration or after 10 working days from filing of the application, whichever is later. The initiative aims to streamline the approval process and improve ease of doing business for AIFs.

IFSCA approves key regulatory reforms for capital markets, fund management, ETPs & international branch campuses

EDITORIAL NOTE: The International Financial Services Centres Authority (IFSCA) has approved several significant regulatory reforms during its 29th Authority Meeting aimed at strengthening the financial ecosystem in the International Financial Services Centre. The approved measures include amendments to the Credit Rating Agencies Regulations and Fund Management Regulations, introduction of the IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026, the Electronic Trading Platform Regulations, 2026, a framework for differential distribution in Venture Capital and Restricted Schemes, and revised draft regulations for the establishment and operation of International Branch Campuses. These reforms are intended to enhance regulatory efficiency, investor protection, and the overall competitiveness of GIFT IFSC as a global financial hub.

SEBI eases certification norms for distributors of Specialized Investment Funds; introduces single NISM certification

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has streamlined the certification requirements for distributors involved in the sale and distribution of Specialized Investment Funds (SIFs). The revised framework replaces the earlier dual-certification requirement with a single dedicated certification issued by the National Institute of Securities Markets (NISM). Under the new guidelines, individuals associated with SIF distribution must hold a valid NISM Series-V-D –

Mutual Fund-Specialized Investment Fund Distributors Certification. The revised requirements are effective immediately and aim to simplify compliance while ensuring adequate knowledge standards among distributors.

SEBI directs depositories to implement an ISIN-level freeze on promoter group holdings during share buy-backs

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has directed depositories to establish an operational framework and implement necessary system enhancements for the ISIN-level freezing of promoter group holdings during share buybacks. The mechanism aims to regulate the participation of promoters in buybacks conducted through the tender offer route by ensuring appropriate controls at the security level. The depositories are required to implement the framework before 1 August 2026, including operational procedures for enabling promoters to tender their shares in accordance with the revised mechanism.

Transfer of subsidiary's outstanding unlisted NCDs to listed entity requires listing under Reg. 62A of LODR: SEBI

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI), through its informal guidance, has clarified that the transfer of outstanding unlisted Non-Convertible Debentures (NCDs) of a subsidiary to a listed entity pursuant to a corporate restructuring would require such securities to be listed under Regulation 62A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI observed that where a listed entity assumes liability for existing unlisted NCDs, including in cases involving transfer of business or restructuring arrangements, the securities fall within the scope of mandatory listing requirements prescribed under the LODR framework.

SEBI warns regulated entities & listed companies against ‘Boss Scam’ involving CEO, MD impersonation fraud

EDITORIAL NOTE: The Securities and Exchange Board of India (SEBI) has cautioned regulated entities and listed companies against the increasing risk of the ‘Boss Scam’, a cyber fraud where criminals impersonate Chief Executive Officers (CEOs), Managing Directors (MDs), and other senior executives to mislead finance personnel into making unauthorized fund transfers. SEBI highlighted that fraudsters are using communication channels such as emails, WhatsApp, and other social media platforms to target key officials. The regulator has advised entities to strengthen internal controls, implement robust verification mechanisms, and enhance employee awareness to mitigate the risk of such fraudulent activities.

MCA extends the validity of ‘Companies Compliance Facilitation Scheme’ (CCFS) from July 15, 2026 to August 31, 2026

The Ministry of Corporate Affairs (MCA) has extended the validity period of the Companies Compliance Facilitation Scheme (CCFS) from 15 July 2026 to 31 August 2026. The scheme was introduced to provide companies an opportunity to complete their pending statutory filings and regularize compliance requirements. The extension has been granted considering the capacity enhancement and restoration activities being carried out at the MCA data centre following the fire incident on 5 June 2026, which impacted system availability and filing operations.

SEBI amends (Issue and Listing of Municipal Debt Securities) Regulations; introduces pooled financing through SPVs

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Issue and Listing of Municipal Debt Securities) (Amendment) Regulations, 2026, introducing provisions relating to pooled financing through Special Purpose Vehicles (SPVs). Under the amended framework, where the issuer is an SPV established under the Pooled Finance Development Fund Scheme of the Government of India, the constituent Municipalities are required to enter into an agreement with the SPV before raising funds. The details of such arrangements must also be disclosed in the offer document, ensuring greater transparency and regulatory oversight in municipal financing through pooled structures.

COMPLIANCE CALENDAR

Tax Compliance Calendar for August 2026

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th August 2026	July 2026	Deposit of TDS and TCS	All deductors and collectors required to deposit TDS/TCS deducted or collected during July 2026.
11th August 2026	July 2026	GSTR-1 (Outward supply return)	Registered taxpayers having aggregate turnover exceeding ₹5 crore in the preceding financial year or taxpayers who have opted for monthly filing of GSTR-1.
13th August 2026	July 2026	Invoice Furnishing Facility (IFF)	Taxpayers registered under the QRMP Scheme opting to furnish details of outward supplies through the Invoice Furnishing Facility (IFF) for the first month of the quarter (July 2026).
13th August 2026	-	ISD Return	Input Service Distributors (ISDs) distributing input tax credit to their registered units.
20th August 2026	July 2026	GSTR-3B (Summary Return)	Regular taxpayers having aggregate turnover exceeding ₹5 crore in the preceding financial year.
22nd August 2026	July 2026	GSTR-3B (Summary Return)	Taxpayers under the QRMP Scheme whose principal place of business is in Category X States/UTs.
24th August 2026	July 2026	GSTR-3B (Summary return)	Taxpayers under the QRMP Scheme whose principal place of business is in Category Y States/UTs.
25th August 2026	July 2026	GST PMT-06 (Monthly Tax Payment)	Taxpayers registered under the QRMP Scheme for payment of monthly tax liability for July 2026.
30th August 2026	July 2026	Challan-cum-Statement for Specified TDS Deductions	Persons required to deduct TDS under Sections 194-IA (purchase of immovable property), 194-IB (rent by certain individuals/HUFs), or 194M (payments by specified individuals/HUFs) during July 2026.
31st August 2026	AY 2026–27	Income Tax Return (ITR-3 & ITR-4).	Individuals, HUFs, and firms having business or professional income not liable to tax audit, including eligible taxpayers required to file ITR-3 or ITR-4.